

## GOVERNOR'S VETOES

AB 1781  
VETOES

I object to the following appropriations contained in Assembly Bill 1781.

Item 0690-011-0214—For support of Office of Emergency Services. I delete this item. This item would authorize a \$30,000,000 loan from the Restitution Fund to the Emergency Response Fund. The final budget package does not create the Emergency Response Fund nor appropriate any funding from it. However, the final budget package does include this loan, which is no longer necessary. Therefore, on a technical basis, I must delete this item.

Item 0690-101-6061—For local assistance, Office of Emergency Services.

I revise this item by deleting Provision 1. This Budget Bill provision is unnecessary, as it simply restates existing law. Specifically, this provision would require the allocation of funding from the Transit System Safety, Security, and Disaster Response Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 to be consistent with the provisions of Chapter 181, Statutes of 2007. Chapter 181 designated administering agencies for the bond funds authorized by the voters via Proposition 1B in November 2006, and imposed various requirements on these agencies for the allocation of the bond funds.

Item 0690-101-6073—For local assistance, Office of Emergency Services.

I revise this item by deleting Provision 1. This Budget Bill provision is unnecessary, as it simply restates existing law. Specifically, this provision would require the allocation of funding from the Port and Maritime Security Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 to be consistent with the provisions of Chapter 181, Statutes of 2007. Chapter 181 designated administering agencies for the bond funds authorized by the voters via Proposition 1B in November 2006, and imposed various requirements on these agencies for the allocation of the bond funds.

Item 1700-001-0001—For support of Department of Fair Employment and Housing.

I reduce this item from \$17,813,000 to \$16,869,000 by reducing:

- (1) 50-Administration of Civil Rights Law from \$23,668,000 to \$22,624,000
- (2) Amount payable from the Federal Trust fund (Item 1700-001-0890) from - \$5,855,000 to -\$5,755,000.

I am reducing this item by \$944,000 which will result in the loss of 9.5 personnel years for the enforcement of civil rights. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the  
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same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

I am also revising this item to conform to the action I have taken in 1700-001-0890.

Item 1700-001-0890—For support of Department of Fair Employment and Housing.

I reduce this item from \$5,855,000 to \$5,755,000.

I am revising this item to conform to the action I have taken in Item 1700-001-0001 to reflect a reduction in federal funds for processing dual filed housing and employment discrimination claims.

Item 1730-001-0044—For support of Franchise Tax Board. I reduce this item from \$2,991,000 to \$2,844,000 to make a technical correction to the Budget Bill.

This technical veto will conform with the Legislature's intent and is consistent with the legislative action taken in Item 1730-001-0001.

Item 1730-001-0064—For support of Franchise Tax Board. I reduce this item from \$5,615,000 to \$5,342,000 to make a technical correction to the Budget Bill.

This technical veto will conform with the Legislature's intent and is consistent with the legislative action taken in Item 1730-001-0001.

Item 2240-001-0001—For support of Housing and Community Development. I reduce this item from \$4,784,000 to \$4,023,000 by reducing:

- (1) 10-Codes and Standards Program from \$29,964,000 to \$29,118,000.
  - (7) Reimbursements from -\$1,132,000 to -\$1,047,000,
- and by deleting Provision 2.

I am reducing this item by \$761,000 for the Employee Housing Program. While the budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law

and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

I am also eliminating the Legislature's augmentation of reimbursements for this item by \$85,000 and, consistent with this action, I am deleting Provision 2 that expresses legislative intent that the Department of Housing and Community Development increase fees paid by employee housing providers to offset program reductions.

Item 2240-101-0001—For local assistance, Department of Housing and Community Development. I reduce this item from \$6,316,000 to \$5,973,000 by reducing:

(1) 20-Financial Assistance Program from \$173,116,000 to \$172,773,000, and deleting Provision 1.

I am reducing this item by \$343,000 to reinstate the budget-balancing reduction to the migrant housing operations program that I proposed. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required pay-

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ments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 2240-101-0890—For local assistance, Department of Housing and Community Development. I revise this item by deleting Provision 2.

I am deleting Provision 2 which would specify that \$1,800,000 of the amount appropriated in this item shall be made available upon receipt of a federal grant. This language is unnecessary because the Department of Housing and Community Development cannot make the expenditure unless the federal grant is received.

Item 2240-101-6069—For local assistance, Department of Housing and Community Development. I revise this item by deleting Provision 2.

I am deleting Provision 2, which would specify that funding in this item shall be subject to legislative review and approval of a request by the Department of Housing and Community Development. This language is unnecessary.

Item 2240-101-9736—For local assistance, Department of Housing and Community Development. I revise this item by deleting Provision 2.

I am deleting Provision 2, which would specify that funding in this item shall be subject to legislative review and approval of a request by the Department of Housing and Community Development. This language is unnecessary.

Item 2240-102-6038—For local assistance, Department of Housing and Community Development. I revise this item by deleting Provision 2.

I am deleting Provision 2, which would specify that funding for the Building Equity in Neighborhoods program shall be subject to legislative review and approval of a request by the Department of Housing and Community Development. This language is unnecessary because the funding proposed in the Budget is always subject to legislative review and approval.

Item 2240-105-0001—For transfer, as an expenditure, upon order of the Director of Finance, to the Emergency Housing and Assistance Fund. I delete this item.

I am reducing this item by \$401,000 to reinstate the budget-balancing reduction to the state grant program for local emergency shelters that I proposed. I am further reducing this item by \$3,599,000. While the budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 2320-001-0317—For support of Department of Real Estate. I revise this item by deleting Provision 2.

I am deleting Provision 2, which would require the Department of Real Estate to report

workload and enforcement data to the Legislature.

This reporting requirement would result in an expenditure increase without regard to the availability of resources. Consequently, I am vetoing this language. Nevertheless, in recognition of the Legislature's desire to obtain this information, I am instructing the

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Commissioner to comply with the legislative request for this report to the extent compliance can be achieved using existing resources and without impairing the Department of Real Estate's ability to perform its essential functions.

Item 2600-001-0042—For support of California Transportation Commission. I revise this item by deleting Provision 1.

While the Legislature approved the \$100,000 augmentation to fund a contract with a financial consultant to assist in reviewing the eligibility of high-occupancy toll lane project applications, it also added provisional language requiring that these funds only be used for this purpose. While this provisional language is consistent with the Administration's intended use of this funding, it is unnecessary.

Item 2660-104-6063—For local assistance, Department of Transportation. I reduce this item from \$62,999,000 to \$61,299,000 by reducing:

(1) 20.30-Highway Transportation-Local Assistance from \$62,999,000 to \$61,299,000.

Item 2660-302-0042—For capital outlay, Department of Transportation. I reduce this item from \$847,800,000 to \$747,800,000 by reducing:

(1) 20-Highway Transportation from \$1,897,800,000 to \$1,797,800,000, and

(a) State Highway Operation and Protection Program (\$1,897,800,000) to (\$1,797,800,000).

I am reducing this item by \$100,000,000 to reflect the lower estimated revenues that the State Highway Account is projected to receive from excise taxes on fuel. Continuing increases in prices have reduced consumption, resulting in less tax revenue.

Item 3340-001-0001—For support of California Conservation Corps. I reduce this item from \$35,874,000 to \$33,874,000 by reducing:

(1) 10-Training and Work Program from \$65,032,000 to \$63,032,000.

I am reducing this item by \$2,000,000. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law, and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Nevertheless, I am sustaining the legislative augmentation of an additional \$1,000,000 from the Collins-Dugan California Conservation Corps Reimbursement Account to maintain three non-residential facilities and 75 corpsmember slots.

Item 3600-001-0001—For support of Department of Fish and Game. I reduce this item from \$77,301,000 to \$73,410,000 by reducing:

(1) 20-Biodiversity Conservation Program from \$150,694,000 to \$147,572,000;

(2) 25-Hunting, Fishing, and Public Use from \$71,276,000 to \$70,737,000;

(3) 30-Management of Department Lands and Facilities from \$48,009,000 to \$46,895,000;

(4) 40-Enforcement from \$61,764,000 to \$61,648,000;

(6) 70.01-Administration from \$44,359,000 to \$43,672,000;

(7) 70.02-Distributed Administration from -\$44,359,000 to -\$43,672,000; and

(21) Amount payable from the Hatchery and Inland Fisheries Fund

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(Item 3600-001-3103) from -\$17,297,000 to -\$16,297,000.

I am reducing this item by \$3,891,000. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law, and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance --

I am taking the difficult but necessary action reflected in this veto to further control state spending.

In addition, I am reducing \$1,000,000 from the Hatchery and Inland Fisheries Fund.

Item 3600-001-3103—For support of Department of Fish and Game. I reduce this item from \$17,297,000 to \$16,297,000.

I am reducing this item by \$1,000,000 to conform to the action I have taken in Item 3600-001-0001.

Item 3720-001-0001—For support of California Coastal Commission. I reduce this item from \$11,809,000 to \$11,192,000 by reducing:

(1) 10-Coastal Management Program from \$16,630,000 to \$16,049,000;

(2) 20-Coastal Energy Program from \$1,112,000 to \$1,076,000;

(3) 30.01-Administration from \$1,914,000 to \$1,827,000; and

(4) 30.02 – Distributed Administration from -\$1,814,000 to -\$1,727,000.

I am reducing this item by \$617,000. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 3780-001-0001—For support of Native American Heritage Commission. I reduce this item from \$786,000 to \$707,000 by reducing:

(1) 10-Native American Heritage Commission from \$792,000 to \$713,000.

I am reducing this item by \$79,000. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law, and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 3790-001-0001—For support of Department of Parks and Recreation. I revise this item by reducing:

(1) For support of the Department of Parks and Recreation from \$432,009,000 to \$431,099,000,

and by deleting

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(4.5) Amount payable from the Motor Vehicle Account, State Transportation Fund (Item 3790-001-0044) (-\$910,000).

I am revising this item to conform to the action I have taken in Item 3790-001-0044.

Item 3790-001-0044—For support of Department of Parks and Recreation. I delete this item.

I am deleting this item of appropriation which acts as a \$910,000 legislative funding shift from the General Fund to the Motor Vehicle Account (MVA), State Transportation Fund to enable the Department of Parks and Recreation to comply with the State Air Resources Board's new diesel particulate matter emission regulations for on-road heavyduty diesel vehicles. I believe regulatory compliance activities should be funded by the department's own funding sources. Consequently, the MVA is not an appropriate fund source for this purpose.

Item 3810-001-0140—For support of Santa Monica Mountains Conservancy.

I am sustaining the provisional language added by the Legislature providing that the Santa Monica Mountains Conservancy (Conservancy) shall reimburse to the Attorney General's Office (AG) for costs associated with grant reviews and attending meetings. The clear intent of this language is to create an incentive for the AG to provide legal services to the Conservancy and to have the Conservancy to reimburse the AG for its costs related to Proposition 84. However, this new language inadvertently appears to conflict with the language in Provision 1, which requires the AG to otherwise provide legal services to the Conservancy as if it were a General Fund department.

Therefore, by sustaining this language, it is my intent that the Conservancy reimburse

the AG for costs associated with Proposition 84 grant reviews and the associated meetings, and that all other legal costs be funded in a manner consistent with past practice. The Department of Finance will revisit this issue next budget year.

Item 3900-001-0001—For support of State Air Resources Board. I reduce this item from \$2,189,000 to \$189,000.

I am reducing this item by \$2,000,000. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 3940-001-0001—For support of State Water Resources Control Board. I revise this item by deleting sub-schedules (a) and (b) under Program 10—Water Quality, and Provision 2 of this section.

I am eliminating Budget Act language that displays the allocations to the state's nine regional boards and requires additional actions should a reallocation of resources be necessary. The Regional Boards develop and enforce the water quality objectives and implementation plans that are developed by the State Water Board, recognizing local differences in climate, topography, geology and hydrology. The joint authority of water allocation and water quality protection enables the State Water Board to provide comprehensive protection for California's waters. This centralized structure allows the State Board to implement program priorities and to respond to statewide needs through the Regional

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Board. The State Board should not require a change in authority to move funds from one region to another should events occur that make it necessary -- such as a fire, a flood, or a change in priorities. Creating separate line items in the budget for each Regional Board would challenge the State Board's ability to manage and prioritize the needs of the whole state. Alternatively, the Water Board can address the Legislature's intent to better understand the role of the regional water boards through an anticipated strategic and structural reorganization the Water Board is planning through its Water Quality Initiative.

Item 3960-001-0001—For support of Toxic Substances Control. I reduce this item from \$23,325,000 to \$22,170,000.

I am reducing this item by \$1,155,000. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

I am revising the dollar amount specified in Provision 1 to conform to the action taken in this item.

"The Director of Toxic Substances Control may expend from this item: (a) \$11,604,000 for the following activities at the federal Stringfellow Superfund site: (1) operation and maintenance of pretreatment plants to treat contaminated groundwater extracted from the site, (2) site maintenance and groundwater monitoring, and (3) implementation of work to stabilize the site, and (b) \$4,266,000 for the operation of the Illegal Drug Laboratory Removal Program."

Item 3960-001-0014—For support of Toxic Substances Control. I revise this item by reducing:

- (1) 12-Site Mitigation and Brownfields Reuse from \$89,426,000 to \$88,271,000.
- (8) Amount payable from General Fund (Item 3960-001-0001) from -\$23,325,000 to -\$22,170,000.

I am revising this item to conform to the action I have taken in Item 3960-001-0001.

Item 4170-101-0001—For local assistance, Department of Aging. I reduce this item from \$56,109,000 to \$42,945,000 by reducing:

- (1) 10-Nutrition from \$73,373,000 to \$72,804,000;
- (2) 20-Senior Community Employment from \$10,304,000 to \$7,139,000;

(3) 30—Supportive Services and Centers from \$71,894,000 to \$65,916,000; and

(4) 40—Special Projects from \$50,003,000 to \$46,751,000;

and by deleting:

(4.5) 97.20.004-Local Projects (\$200,000).

I am reducing this item by \$13,164,000 for the following programs:

- \$316,000 from the Home Delivered Meals program;
- \$253,000 from the Congregate Nutrition program;
- \$3,165,000 from Senior Community Employment;
- \$5,978,000 from the Long-term Care Ombudsman and Supportive Services programs;
- \$2,526,000 for the Multipurpose Senior Services Program;

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· \$416,000 for the Alzheimer's Day Care Resource Centers;

· \$250,000 for the Linkages program;

· \$60,000 for the Brown Bag program; and

· \$200,000 for the Senior Legal Hotline

While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 4200-001-0001—For support of Department of Alcohol and Drug Programs.

I reduce this item from \$14,701,000 to \$6,019,000 by reducing:

(1) 15-Alcohol and Other Drug Services Program from \$57,702,000 to \$48,275,000;

(2) 30.01-Administration from \$11,999,000 to \$8,999,000;

(3) 30.02-Distributed Administration from -\$11,999,000 to -\$8,999,000;

(4) Reimbursements from -\$4,932,000 to -\$4,544,000;

(10) Amount payable from the Substance Abuse Treatment Trust Fund (Item 4200-001-3019) from -\$3,565,000 to -\$3,208,000.

I am reducing this item by \$9,070,000 (\$8,682,000 General Fund and \$388,000 Reimbursements), as follows:

· \$8,000,000 for the California Methamphetamine Prevention Campaign;

· \$776,000 and 5.3 positions for the Drug Medi-Cal Program;

· \$154,000 for the Non-Drug Medi-Cal Program;

· \$110,000 and 0.5 positions for the Drug Court programs; and

· \$30,000 and 0.4 positions for the Offender Treatment Program.

While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

I am also reducing \$357,000 and 3.0 positions in Item 4200-001-3019 to conform to the action I have taken in Item 4200-105-0001.

Item 4200-001-3019—For support of Department of Alcohol and Drug Programs.

I reduce this item from \$3,565,000 to \$3,208,000.

I am reducing this item by \$357,000 to conform to the action I have taken in Item 4200-105-0001.

Item 4200-101-0001—For local assistance, Department of Alcohol and Drug Programs.

I reduce this item from \$89,197,000 to \$83,665,000 by reducing:

(1) 15-Alcohol and Other Drug Services Programs from \$438,351,000 to \$423,168,000;

(4) Amount payable from the Substance Abuse Treatment Fund (Item 4200-101-3019) from -\$96,514,000 to -\$86,863,000.

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I am reducing this item by \$5,532,000, as follows:

· \$2,983,000 for the Drug Court programs;



- \$1,970,000 for the Offender Treatment Program; and
- \$579,000 for the Non-Drug Medi-Cal Program.

While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

I am also reducing \$9,651,000 in Item 4200-101-3019 to conform to the action I have taken in Item 4200-105-0001.

Item 4200-101-3019—For local assistance, Department of Alcohol and Drug Programs. I reduce this item from \$96,514,000 to \$86,863,000.

I am reducing this item by \$9,651,000 to conform to the action I have taken in Item 4200-105-0001.

Item 4200-104-0001—For local assistance, Department of Alcohol and Drug Programs. I reduce this item from \$23,457,000 to \$21,111,000 by reducing:

- (1) 15-Alcohol and Other Drug Services Program from \$40,511,000 to \$38,165,000.

I am reducing this item by \$2,346,000 for perinatal substance abuse treatment programs.

While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 4200-105-0001—For transfer by the Controller to the Substance Abuse Treatment Trust Fund. I reduce this item from \$100,079,000 to \$90,071,000.

I am reducing this item by \$10,008,000 for the Substance Abuse and Crime Prevention Act program. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

I have taken conforming action in Item 4200-001-3019 and Item 4200-101-3019.

Item 4260-001-0001—For support of Department of Health Care Services. I revise this item by reducing:

- (1) 20-Health Care Services from \$383,834,000 to \$381,821,000, and by deleting:

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(10) Amount payable from the California Discount Prescription Drug Program Fund (Item 4260-001-8040) (-\$2,013,000)

I am deleting \$2,013,000 intended to specifically fund costs for the California Discount Prescription Drug Program. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

I am also deleting Item 4260-001-8040 to conform to this action.

Item 4260-001-8040—For support of Department of Health Care Services. I delete this item and Provisions 1 and 2.

I am deleting this item to conform to the action I have taken in Item 4260-001-0001 regarding the California Discount Prescription Drug Program.

I am also deleting Provision 1 and 2 to conform to this action.

Item 4260-006-0001—For transfer by the Controller to the California Discount Prescription Drug Program Fund. I delete this item and Provision 1.

I am deleting the \$5,870,000 in this item to conform to the action I have taken in Items 4260-001-0001, 4260-001-8040, and 4260-119-8040 regarding the California Discount Prescription Drug Program.

I am also deleting Provisions 1 to conform to this action.

Item 4260-113-0001—For local assistance, Department of Health Care Services. I reduce this item from \$208,380,000 to \$206,744,000 by:

(3) Benefits (Medical Care and Services) from \$567,046,000 to \$563,226,000, and

(4) Amount payable from the Federal Trust Fund (Item 4260-113-0890) from - \$363,428,000 to -\$361,244,000.

I am reducing this item by \$1,636,000 to make a technical correction to conform to the Legislature's action to utilize unanticipated Medi-Cal savings in fiscal year 2007-08 to reduce expenditures in 2008-09.

I am reducing Item 4260-113-0890 by \$2,184,000 to conform with this action.

Item 4260-113-0890—For local assistance, Department of Health Care Services. I reduce this item from \$363,428,000 to \$361,244,000 to make a technical correction to the Budget Bill.

I am reducing this item by \$2,184,000 to conform to my action in Item 4260-113-0001.

Item 4260-119-8040—For local assistance, Department of Health Care Services. I delete this item.

I am deleting the \$3,857,000 intended specifically to fund local assistance costs for the California Discount Prescription Drug Program. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward.

At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains

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in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 4265-001-0001—For support of Department of Public Health. I reduce this item from \$86,147,000 to \$82,850,000 by reducing:

(2) 20-Public and Environmental Health from \$501,031,000 to \$497,734,000.

I am reducing this item by \$3,297,000, as follows:

- \$1,042,000 for the Childhood Lead Poisoning Prevention Branch;
- \$976,000 for the Medical Device and Drug Safety Program;
- \$841,000 for the Epidemiology and Prevention for Injury Control Branch;
- \$277,000 for the Prostate Cancer Treatment Program; and
- \$161,000 for the Cosmetic Safety Program.

While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 4265-111-0001—For local assistance, Department of Public Health. I reduce this item from \$257,472,000 to \$244,479,000 by reducing:

- (3) 20.20-Infectious Disease from \$365,085,000 to \$358,845,000;
  - (4) 20.30-Family Health from \$1,504,545,000 to \$1,498,477,000;
  - (6) 20.50-County Health Services from \$40,691,000 to \$39,791,000;
  - (7) 20.60-Environmental Health from \$132,541,000 to \$131,557,000;
  - (8) Reimbursements from -\$160,479,000 to -\$159,280,000;
- and by deleting Provision 3.

I am reducing this item by \$5,030,000 (\$3,831,000 General Fund and \$1,199,000 Reimbursements) by eliminating funding to local entities for the following programs:

- \$1,824,000 for the TeenSMART Outreach Program;
- \$1,322,000 for the Male Involvement Program;
- \$984,000 for the Beach Safety Program; and

· \$900,000 for the State Public Health Subvention.

I am also reducing this item by \$3,670,000 by reducing funding to local entities for the following programs:

- \$2,269,000 for the Domestic Violence Program;
- \$748,000 for the Tuberculosis Control Housing Program;
- \$403,000 for the Teen Life Skills Information and Education Program; and
- \$250,000 for the Maternal, Child and Adolescent Health Program.

While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

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I am deleting \$5,492,000 of the \$6,842,000 General Fund legislative augmentation to local health jurisdictions for AIDS/HIV Education and Prevention programs. With this reduction, \$31.8 million still remains to support the AIDS/HIV Education and Prevention programs.

I am also deleting Provision 3, that expresses a legislative wish to have the Department of Public Health not exclude any drugs from the AIDS Drug Assistance Program (ADAP) formulary for the purpose of reducing ADAP expenditures and would require funding to be maintained using the ADAP Rebate Fund. The Office of AIDS within the Department is the appropriate entity to determine the proper alignment of program expenditures within the funding available, including the ADAP Rebate Fund. Provision 3 would restrict the Office of AIDS' ability to manage ADAP expenditures. Consequently, I am vetoing this language.

Item 4440-103-0001—For local assistance, Department of Mental Health. I reduce this item from \$232,856,000 to \$225,136,000 by reducing:

- (1) 10.25-Community Services Other Treatment from \$232,856,000 to \$225,136,000.

I am reducing this item by \$7,720,000 for the Mental Health Managed Care program.

While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 4700-001-0001—For support of Department of Community Services and Development. I delete this item.

I am deleting this item to conform to the action I have taken in 4700-101-0001.

Item 4700-101-0001—For local assistance, Department of Community Services and Development. I delete this item.

I am deleting the \$2,565,000 for the for the Naturalization Services program. I am also deleting the \$154,000 in state operations funding for this program (refer to Item 4700-001-0001). While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 5180-001-0001—For support of Department of Social Services. I reduce this item from \$107,134,000 to \$106,640,000 by reducing:

- (2) 25-Social Services and Licensing from \$168,929,500 to \$168,829,500;
- (3) 35-Disability Evaluation and Other Services from \$260,159,500 to \$259,381,500;
- and
- (6) Reimbursements from \$-26,048,000 to -\$25,664,000.

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I am reducing this item by \$778,000 (\$394,000 General Fund) for the Disability Determination program and \$100,000 General Fund for the Independent Adoptions program.

While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reduction and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 6110-123-0001—For local assistance, Department of Education. I reduce this item from \$120,209,000 to \$114,209,000 by deleting:

(2) 20-Corrective Actions \$6,000,000.

I am deleting the \$6,000,000 restored by the Legislature that allocates funds to non-Title I Immediate Intervention Underperforming Schools Program (II/USP) schools that are still subject to state sanctions and are working with school assistance and intervention teams (SAITs). Although the II/USP ended in 2004-05, schools continue to receive grants of \$150 per student to implement improvement plans prepared by SAITs. I do not believe that the state should continue to fund these activities. Earlier this year, the Legislature accepted my proposal to eliminate from the Budget federal Title I funds for these purposes. This veto would be consistent with that agreement.

I am deleting provision 2 to conform to this action.

Item 6110-125-0890—For local assistance, Department of Education. I delete Provision 4 of this item.

I am deleting the appropriation located in Section 4 of the provisional language related to a \$1.8 million intervention program for local education agencies not meeting federal Title III benchmarks that was administratively established in the 2007-08 fiscal year as little information has been provided on what the program would achieve.

I am deleting Provision 4 to conform to this action.

Item 6120-150-0001—For local assistance, California State Library, for the Civil Liberties Public Education Program. I reduce this item from \$475,000 to \$450,000.

I am reducing this item by \$25,000. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 6120-160-0001—For local assistance, California State Library, for the California Newspaper Project Program. I reduce this item from \$228,000 to \$216,000.

I am reducing this item by \$12,000. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As

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a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 6120-211-0001—For local assistance, California State Library. I reduce this item from \$13,625,000 to \$12,908,000 by reducing:

(1) 20.30-Direct Loan and Interlibrary Loan Programs from \$10,899,000 to \$10,182,000.

I am reducing this item by \$717,000. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive

the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 6120-213-0001—For local assistance, California State Library, for the English Acquisition and Literacy Program. I reduce this item from \$4,811,000 to \$4,558,000.

I am reducing this item by \$253,000. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 6120-221-0001—For local assistance, California State Library, for the Public Library Foundation Program. I reduce this item from \$13,642,000 to \$12,924,000.

I am reducing this item by \$718,000. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increase needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 6610-001-0001—For support of California State University. I revise this item by revising Provision 10.

While I am sustaining the Legislature's action to earmark funding for student academic preparation and student support services programs, I am vetoing the language requiring the university to report on these programs. This reporting requirement would result in an expenditure increase without regard to the availability of revenues. Nevertheless, in recognition of the Legislature's desire to obtain this information, I am instructing the Chancellor of the California State University to comply with this legislative request for

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this report to the extent compliance can be achieved using existing resources and without impairing the university's ability to perform its essential functions.

I am revising Provision 10 to conform as follows:

"10. Of the amount appropriated in Schedule (1), \$52,000,000 is appropriated for student academic preparation and student support services programs. The California State University shall provide \$45,000,000 to support the Early Academic Assessment Program and the Educational Opportunity Program. It is the intent of the Legislature that the university report on the outcomes and effectiveness of the Early Academic Assessment Program to the fiscal committees of each house of the Legislature no later than March 15, 2009."

Item 6870-001-0001—For support of Board of Governors of the California Community Colleges. I reduce this item from \$10,109,000 to \$9,778,000 by reducing:

(4.5) 97.20.001-Unallocated Reduction from -\$200,000 to -\$531,000.

I am reducing this item by \$331,000. However, I am sustaining the remaining \$500,000 legislative augmentation for the purpose of ensuring sufficient resources to fill key positions that are critical to maintaining accountability and fiscal oversight functions that will ensure the solvency of all districts. I anticipate that the Chancellor's Office will be able to accommodate the remaining reduction. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 7980-001-0784—For support of California Student Aid Commission. I reduce

this item from \$1,000,000 to \$500,000.

I am reducing \$500,000 from the Federal Policy and Program Division (FPPD) to align funding with the FPPD's responsibilities and to preserve resources. The current funding level exceeds what is necessary to support the staff of the FPPD. Furthermore, any savings that can be achieved in the Student Loan Operating Fund will result in the program being more valuable and thus result in additional General Fund revenue upon the sale, or other transaction, involving EdFund that is authorized by Chapter 182 of the Statutes of 2007. Item 7100-001-0514—For support of Employment Development Department. I revise this item by deleting Provision 5.

I am deleting Provision 5 which requires the Employment Training Panel (Panel) to prioritize funding for "green jobs" training. This language is unnecessary because the Panel already identifies clean technology products, services, and processes as a priority in its strategic plan, providing more than \$6,900,000 to these industries.

Item 8140-001-0001—For support of State Public Defender. I reduce this item from \$11,551,000 to \$10,928,000 by reducing:

(1) 10-State Public Defender from \$11,551,000 to \$10,928,000.

I am reducing this item by \$623,000 for the Office of the State Public Defender, which provides post-conviction appellate representation in death penalty cases. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural

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budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 8570-001-0001—For support of Department of Food and Agriculture. I reduce this item from \$83,730,000 to \$80,341,000 by reducing:

(1) 11-Agricultural Plant and Animal Health; Pest Prevention; Food Safety Services from \$128,861,000 to \$125,472,000, and by deleting Provision 5.

I am reducing this item by \$3,389,000 and 8.6 personnel years for the Agricultural Plant and Animal Health; Pest Prevention; Food Safety Services Program. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

I am deleting Provision 5 because the language is unnecessarily restrictive. These funds are part of the base budget for the Light Brown Apple Moth Eradication Project and should be available for the Department to allocate for use as necessary once the toxicology study that was recently completed has been reviewed and aerial spraying is determined to be a safe tool for the Department to utilize in its eradication efforts.

Item 8570-004-0001—For transfer by the Controller to the Pierce's Disease Management Account. I reduce this item from \$4,380,000 to \$4,150,000.

I am reducing this item by \$230,000 for the Pierce's Disease Control Program. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 8640-001-0001—For support of Political Reform Act of 1974. I reduce this item from \$2,745,000 to \$2,470,000 by reducing:

(1) 10-Secretary of State from \$790,000 to \$711,000;

(2) 20-Franchise Tax Board from \$1,747,000 to \$1,572,000; and

(3) 30-Department of Justice from \$216,000 to \$195,000.

I am reducing this item by \$275,000 for the Political Reform Act of 1974. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit

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my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 8940-001-1014—For support of Military Department. I delete this item.

This item contains an appropriation from the Emergency Response Fund, which was not authorized in the final budget package. Therefore, I must delete this item on a technical basis.

Item 9100-101-0001—For local assistance, Tax Relief. I reduce this item from \$693,885,000 to \$503,005,000 by deleting:

(1) 10-Senior Citizens' Property Tax Assistance (\$40,562,000);

(3) 30-Senior Citizens Renters' Tax Assistance (\$150,318,000);

and by deleting Provisions 2, 4, and 6.

I am also revising Provision 5 to conform to this action as follows:

"5. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for Schedules (1), (2), (3), (4), and (5) in excess of or less than the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine."

I am reducing this item by \$190,880,000. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

With the above deletions, revisions, and reductions, I hereby approve Assembly Bill 1781.

Schwarzenegger, Arnold

AB 88  
VETOES



[Approved by Governor September 23, 2008. Filed with Secretary of State September 23, 2008.]

I object to the following appropriations contained in Assembly Bill 88.

Item 0690-001-0001—For support of Office of Emergency Services.

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I am sustaining Provision 4, which suspends the Government Code Section 8581.5 requirement for the biennial report on emergency preparedness for catastrophic disasters, which was scheduled to be published in 2008-09. However, I am directing the Office of Emergency Services to prepare this report to the extent possible using existing resources. Item 0690-102-0001—For local assistance, Office of Emergency Services. I revise this item by deleting Provisions 3 and 5.

Provision 3 requires the Office of Emergency Services to allocate \$800,000 to the Central Coast Rural Crime Prevention Program. Funding for this program was reduced by 10 percent, but this language was not amended to reflect the reduced amount. This technical veto is necessary to ensure that all grant recipients receive the same level of reduction. Therefore, I am directing the Office of Emergency Services to allocate the grant funding in a manner consistent with this budget language adjusted for the 10 percent reduction.

Provision 5 would require the Office of Emergency Services to use a competitive grant process for allocating funds to California Multijurisdictional Methamphetamine Enforcement Teams, and would create limitations on the minimum and maximum amounts of grants awarded under this program. This language is unnecessarily restrictive; therefore, I am vetoing this provision.

Item 2640-101-0046—For local assistance, State Transit Assistance. I reduce this item from \$406,434,000 to \$306,434,000.

I am reducing this item by \$100,000,000 for the State Transit Assistance program so that sufficient funding will be available in the Public Transportation Account to provide full reimbursement of the General Fund for its Home-to-School Transportation costs. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law, and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

With the \$5 billion in transit and intercity rail funding provided in Proposition 1B, this will allow a substantial increase in the capacity, safety, and reliability of public transportation throughout the state. The amount I am retaining in this item also continues program funding at a sustainable level.

Item 2660-001-0042—For support of Department of Transportation.

I am sustaining the Legislature's funding for capital outlay support. In the May Revision, I proposed a reduction in positions and dollars for engineering, design, environmental studies, and other work. For the declining amount of ongoing work, I proposed to use an increased share of contractual services, consistent with the provisions of Proposition 35, approved by the voters in 2000.

The Legislature, however, funded 90 percent state staff and 10 percent contract staff. Because it will take a year or more to hire and train state staff as existing staff leave, I am concerned that this action will delay projects by a year or more and end up costing more than using contractual services. Moreover, because the funding from Proposition 1B is one-time and will be exhausted over the next four years, the hiring of new permanent state staff could lead to the need for future layoffs. An appropriate balance between state staff and contract staff will enable the state to improve its highways, roads, bridges, and railroad crossings

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immediately. Therefore, I am directing the Director of the Department of Transportation to take all steps necessary to deliver these projects as quickly as possible, including an increased use of contractual services beyond the level reflected in the budget action, but within the funding level the Legislature has provided.

Item 3540-001-0001—For support of Department of Forestry and Fire Protection. I reduce this item from \$560,045,000 to \$557,896,000 by reducing:

- (3) 12-Resource Management from \$62,597,000 to \$60,448,000;
- (4) 20.01-Administration from \$67,198,000 to \$66,911,000; and
- (5) 20.02-Distributed Administration from -\$66,536,000 to -\$66,249,000.

I am reducing this item by \$2,149,000. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance --- I am taking the difficult but necessary action reflected in this veto to further control state spending.

However, I am sustaining \$1,093,000 and 10.0 positions in the Resource Management program to fund vegetation management efforts because fuel reduction projects are a cost-effective way to reduce the number and size of catastrophic wildfires.

Item 3900-001-0044—For support of State Air Resources Board. I revise this item by reducing:

(2) 25-Stationary Source from \$57,232,000 to \$55,232,000.

(6) Amount payable from the General Fund (Item 3900-001-0001) from -\$2,189,000 to -\$189,000

I am revising this item to conform to the action I have taken in Item 3900-001-0001.

Item 4260-101-0001—For local assistance, Department of Health Care Services. I revise this item by reducing:

(1) 20.10.010-Eligibility (County Administration) from \$2,697,119,000 to \$2,689,743,000,

(8) Amount payable from the Federal Trust Fund (Item 4260-101-0890) from -\$21,448,993,000 to -\$21,441,617,000;

and by deleting Provision 14.

I am revising this item to conform to the action I have taken in Item 4260-101-0890.

I am also deleting Provision 14 from this item, which directs the Department of Health Care Services to provide the Legislature with specific options for improving the Medi-Cal fee-for-service program. While I share the Legislature's interest in improving the coordination of care for Medi-Cal beneficiaries and believe that such efforts will better serve clients and reduce costs, I am deleting the provision as it would limit my discretion in developing a budget proposal.

Item 4260-101-0890—For local assistance, Department of Health Services. I reduce this item from \$21,448,993,000 to \$21,441,617,000.

I am reducing this item by \$7,376,000 to conform to my action in Items 4170-101-0001, 4200-001-0001, 4265-111-0001, 4440-001-0001, and 5180-001-0001.

Item 4300-101-0001—For local assistance, Developmental Services. I reduce this item from \$2,384,027,000 to \$2,382,799,000 by reducing:

(2) 10.10.020-Purchase of Services from \$3,372,900,000 to \$3,370,854,000, and 90

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(4) Reimbursements from -\$1,308,405,000 to -\$1,307,587,000.

I am reducing this item by \$2,046,000 (\$1,228,000 General Fund and -\$818,000 Reimbursements). This technical veto is consistent with the pass through of the January 1, 2009 federal Supplemental Security Income cost of living adjustment.

Item 4440-101-0001—For local assistance, Department of Mental Health. I reduce this item from \$480,163,000 to \$480,111,000 by reducing:

(5) 10.97—Community Services Healthy Families from \$24,805,000 to \$24,653,000, and

(6) Reimbursements from -\$1,208,165,000 to -\$1,208,065,000.

I am reducing this item by \$152,000 (\$52,000 General Fund and \$100,000 Reimbursements) for the Healthy Families program. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 5180-101-0001—For local assistance, Department of Social Services. I reduce this item from \$2,808,386,000 to \$2,738,386,000 by reducing:

(1) 16.30-CalWORKs from \$5,290,712,000 to \$5,220,712,000.

I am reducing this item by \$70,000,000 for the CalWORKs program. This funding would have been available to counties as part of their single allocation, which can be used for county

administration, employment services, and child care. Even with this reduction in funding, the single allocation provided to counties still increases from 2007-08 to 2008-09. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 5180-141-0001—For local assistance, Department of Social Services. I reduce this item from \$480,516,000 to \$478,478,000 by reducing:

(1) 16.75-County Administration and Automation Projects from \$1,194,774,000 to \$1,192,736,000.

I am reducing this item by \$2,038,000 for the Work Incentive Nutritional Supplement program. By eliminating this funding, I am delaying implementation of this program for one year. This will allow the Department of Social Services to study this program and ensure it is consistent with federal rules. Further, while this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently --

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and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 5180-151-0001—For local assistance, Department of Social Services. I reduce this item from \$757,135,000 to \$750,727,000 by reducing:

(1) 25.30-Children and Adult Services and Licensing from \$2,151,082,000 to \$2,139,650,000;

(2) 25.35-Special Programs from \$22,682,000 to \$22,101,000;

(3) Reimbursements from -\$143,894,000 to -\$138,589,000; and

(6) Amount payable from the Federal Trust Fund (Item 5180-151-0890) from -\$1,263,716,000 to -\$1,263,416,000.

I am reducing this item by \$11,432,000 (\$6,127,000 General Fund) for the Adult Protective Services program, and by \$581,000 (\$281,000 General Fund) for the Deaf Access program. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law, and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 5180-151-0890—For local assistance, Department of Social Services. I reduce this item from \$1,263,716,000 to \$1,263,416,000.

I am reducing this item to conform to the action I have taken in 5180-151-0001 related to the Deaf Access program.

Item 5225-001-0001—For support of the California Department of Corrections and Rehabilitation. I reduce this item from \$7,173,074,000 to \$7,145,074,000 by reducing:

(8) 25-Adult Corrections and Rehabilitation Operations from \$4,974,568,000 to \$4,946,568,000.

I am directing the Secretary of the California Department of Corrections and Rehabilitation to implement a Parole Decision-Making Instrument (PDMI) that provides guidelines on how to respond to technical parole violations based on the risk-to-reoffend level of the offender and the seriousness of the violation. I believe that the use of the PDMI by parole agents will facilitate the reintegration into society of low-risk parolees by providing community-based sanctions and programs. By providing alternatives to incarceration for parolees who commit minor technical parole violations, the Department will be able to reduce prison overcrowding. Consistent with this direction, I am reducing \$22,000,000 from this item to reflect lower adult inmate population levels.

I am also reducing this item by an additional \$6,000,000 to reflect a delay in the activation

of Female Rehabilitative Community Correctional Center beds that resulted from the state's late budget.

Item 6110-001-0001—For support of Department of Education. I revise this item by reducing:

(2) 20-Instruction Support from \$174,201,000 to \$173,909,000;

(3) 30-Special Programs from \$54,659,000 to \$54,351,000; and

(9) Amount payable from Federal Trust Fund (Item 6110-001-0890) from -\$171,015,000 to -\$170,415,000.

I am revising this item to conform to the action I have taken in Item 6110-001-0890.

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Item 6110-001-0890—For support of Department of Education. I reduce this item from \$171,015,000 to \$170,415,000.

I am deleting the legislative augmentation of \$600,000 federal Title I funds to enhance an evaluation of the Migrant Education program. The Budget Act of 2007 provided \$800,000 for completing a comprehensive needs assessment, developing the state educational agencies service delivery plan, and contracting for an evaluation to meet federal requirements. The appropriation provided in 2007 should be sufficient for producing a useful program evaluation. I am deleting Provision 30 to conform to this action.

I am deleting provisional language that would appropriate \$1,200,000 of Title III funds proposed for unspecified English learner state level activities (state operations) in 2009-10 as it is premature to appropriate funds for 2009-10, for projects that have not been developed or justified.

I am deleting provision 34 to conform to this action.

Item 6110-130-0001—For support of the Department of Education, Instructional Support. I reduce this item from \$9,035,000 to \$8,131,000.

I am reducing this item by \$904,000 for the Advancement Via Individual Determination program. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law, and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

I am revising Provision 1 to conform to this action as follows:

“1. Of the funds appropriated, \$1,300,000 \$1,170,000 is available for administration of the Advancement Via Individual Determination (AVID) centers.”

Item 6110-196-0001—For local assistance, Department of Education. I revise this item by deleting Provisions 4(e) and 9(b).

I am deleting Provision 4(e), which would specify principles for the State Department of Education (SDE) to follow when developing the 2008-09 expenditure plan for state and local activities to improve child care. The language is unnecessary and does not specify any clear priorities for development of the expenditure plan.

I am deleting Provision 9(b), which would restrict the start point on the family fee schedule to 40 percent of the State Median Income as adjusted for family size. This Provision is inconsistent with the prior agreement reached between the Administration and the Legislature that families currently paying fees continue to do so as income eligibility is adjusted. Additionally, this language would result in lower fee revenues, increased costs in child care programs, and reduced capacity to serve children.

I am sustaining Provision 2(b), which would provide details for the expenditures of the appropriation and specify the rate limits for alternative payment and other voucher-based programs based on the 85th percentile of the 2007 Regional Market Rate Survey with an effective date of March 1, 2009. While I must sustain this provision because a statute would otherwise control the appropriation and drive the rates, I am concerned that this language will drive considerably higher costs per case in the future, similar to the rate increases experienced in 2007-08.

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I am also sustaining Provision 14, which specifies intent to fully fund the third stage (Stage 3) of child care for former CalWORKS families. This intent statement duplicates statutory intent language and, while it reflects a goal to provide sufficient funds, I want to be clear that inclusion of this language in the budget bill is not a commitment to fund any deficiency that

might occur.

Item 6110-202-0001—For local assistance, Department of Education. I reduce this item from \$11,742,000 to \$10,880,000 by reducing:

(1) 30.20.010-Child Nutrition Programs from \$11,742,000 to \$10,880,000.

I am reducing this item by \$862,000. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law, and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently --and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 6110-488—Reappropriation, Proposition 98, Department of Education. I revise this item from \$163,051,000 to \$146,651,000, and by deleting:

I am deleting the \$16,400,000 augmentation to Stage 2 child care to align expenditures with updated caseload estimates. With this reduction, a total of \$516,611,000 still remains in the budget to support the CalWORKs Stage 2 program which should be sufficient for the estimated caseload under the authorized eligibility, copayment, and subsidy policies.

I am revising Provision 3 to conform to this action.

“3. The sum of \$163,051,000 ~~\$146,651,000~~ is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction for the purpose of funding CalWORKs Stage 2 child care. The amount reappropriated pursuant to this provision is for use in the 2008-09 fiscal year.”

I am deleting the one-time legislative augmentation of \$295,000 for assessments of the Oakland Unified, Vallejo City Unified, and West Fresno Elementary School Districts. Current law specifies that these emergency loan districts are responsible for the costs of these reports. Therefore, I am eliminating this augmentation.

I am deleting Provision 2 to conform to this action.

Item 6440-001-0001—For support of University of California. I reduce this item from \$3,000,920,000 to \$2,995,520,000 by decreasing:

(1) Support from \$3,123,516,000 to \$3,118,116,000, and by revising Provisions 14 and 24 and by deleting Provision 16.

I am reducing this item by \$5,400,000 to eliminate funding that supports research on labor and employment and labor education. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

I am also revising Provision 24 of this item to conform as follows:

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“24. Of the funds appropriated in Schedule (1), \$5,400,000 ~~\$0~~ is to support research on labor and employment and labor education throughout the University of California system. Of these funds, 60 percent shall be for labor research and 40 percent shall be for labor education.”

Further, while I am sustaining the Legislature's action to earmark funding for student academic preparation and education programs (SAPEP), I am vetoing the language requiring the university to report on its use of funds for SAPEP activities. This reporting requirement would result in an expenditure increase without regard to the availability of revenues.

Nevertheless, in recognition of the Legislature's desire to obtain this information. I am instructing the President of the University of California to comply with this legislative request for this report to the extent compliance can be achieved using existing resources and without impairing the university's ability to perform its essential functions.

I am revising Provision 14 to conform as follows:

“14. Of the funds appropriated in Schedule (1), \$19,300,000 is for student academic preparation and education programs (SAPEP) and is to be matched with \$12,000,000 from existing university resources, for a total of \$31,300,000 for these programs. The University of California shall provide a plan to the Department of Finance and the fiscal committees of each house of the Legislature for expenditure of both state and university funds for SAPEP

by September 1 of each year. It is the intent of the Legislature that the university report on the use of state and university funds provided for these programs, including detailed information on the outcomes and effectiveness of academic preparation programs consistent with the accountability framework developed by the university in April 2005. The report shall be submitted to the fiscal committees of each house of the Legislature no later than April 1, 2009.”

Finally, I am deleting the legislative redirection of \$15,000,000 from funds budgeted for administrator compensation to support salary increases and a step pay system for low-wage service employees. Given the 10 percent reduction to the university’s institutional support budget that was adopted by the Legislature, the University should be provided the flexibility to allocate its resources to preserve core administrative functions. Further, employee salaries should be negotiated in collective bargaining agreements between the University and its service employees.

I am deleting Provision 16 to conform to this action.

Item 7980-001-0001—For support of California Student Aid Commission. I reduce this item from \$14,206,000 to \$13,527,000 by decreasing:

(1.5) 50-California Loan Program from \$1,000,000 to \$500,000;

(3.5) 97.20.001 Unallocated Reduction from -789,000 to -1,468,000;

(4.5) Amount payable from the Student Loan Operating Fund (7980-001-0784) from -\$1,000,000 to -\$500,000;

and by revising Provision 4.

I am reducing this item by \$679,000. However, I am sustaining the remaining \$111,000 legislative augmentation for the purpose of funding additional ongoing telephone system and Department of Technology Services costs that were identified after the January budget proposal. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state’s structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending

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when my veto power is adequate to do so. Consequently -- and in order to further ensure that this budget remains in balance -- I am taking the difficult but necessary action reflected in this veto to further control state spending.

I am also revising Provision 4 of this item to conform to the action I have taken in

Item 7980-001-0784 as follows:

“4. (a) This item reflects \$1,000,000\$500,000 payable from the Student Loan Operating Fund for the purpose of funding, on a limited-term basis, 6.0 positions in the Federal Policy and Programs Division. Those positions shall be continued until a sale or other authorized transaction is completed pursuant to Chapter 182 of the Statutes of 2007, which is anticipated to occur in-the 2009-10 fiscal year.

(b) Additionally, this item reflects an increase of \$1,010,000 available on a one-time basis for necessary moving costs, furnishings, and equipment associated with relocation of the Student Aid Commission. Not later than August 1, 2008, the commission shall detail and submit for approval to the Department of Finance, and for informational purposes to the Chairperson of the Joint Legislative Budget Committee, all one-time costs estimated to be necessary for relocation of the commission. Any funds remaining shall be available for any expenses that may be necessary or convenient to further the intent of the sale or other authorized transaction of EdFund pursuant to Chapter 182 of the Statutes of 2007 upon the written approval of the Department of Finance.”

Item 7980-101-0001—For support of California Student Aid Commission. I revise this item by revising Provision 1.

I am deleting the legislative augmentation to Provision 1(d), which increased the number of Assumption Program of Loans for Education (APLE) awards by 800. The remaining amount of authorized awards in the budget is 7,200. I proposed fewer APLE awards to curb the growth in required APLE payments in the context of budget balancing reductions and because the Student Aid Commission has historically not utilized all the awards. This reduction is necessary to limit future ongoing expenditures in line with ongoing resources as we work towards resolving the structural budget imbalance.

I am revising Provision 1 as follows:

“1. Funds appropriated in Schedule (1) are for purposes of all of the following:

(a) Awards in the Cal Grant Program under Chapter 1.7 (commencing with Section 69430) and Article 3 (commencing with Section 69530) of Chapter 2 of Part 42 of Division 5 of Title

3 of the Education Code.

(b) Grants under the Law Enforcement Personnel Dependents Scholarship Program pursuant to Section 4709 of the Labor Code.

(c) California Student Opportunity and Access Program contract agreements under Article 4 (commencing with Section 69560) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code.

(d) The purchase of loan assumptions under Article 5 (commencing with Section 69612) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code. The Student Aid Commission shall issue 8,000,720 new warrants.

(e) The purchase of loan assumptions under the Graduate Assumption Program of Loans for Education pursuant to Article 5.5 (commencing with Section 69618) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code.

(f) The purchase of loan assumptions under the State Nursing Assumption Program of Loans for Education (SNAPLE) Employees of State Facilities Program pursuant to Article 90

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2 (commencing with Section 70120) of Chapter 3 of Part 42 of Division 5 of Title 3 of the Education Code.

(g) The purchase of loan assumptions under the State Nursing Assumption Program of Loans for Education (SNAPLE) pursuant to Article 1 (commencing with Section 70100) of Chapter 3 of Part 42 of Division 5 of Title 3 of the Education Code.

(h) The Student Aid Commission shall report by April 1, 2009, on the State Nursing Assumption Program of Loans for Education, pursuant to the reporting requirements of Section 70108 of the Education Code.

(i) Of the amount appropriated in Schedule (1), \$297,000 is provided for loan assumption payments to participants in the National Guard Assumption Program of Loans for Education pursuant to Article 12.5 (commencing with Section 69750) of Chapter 2 of Part 42 of the Education Code.

(j) Notwithstanding subdivision (c) of Section 69613.8 of the Education Code, any Assumption Program of Loans for Education participant who meets the requirements of subdivision (a) or (b) of Section 69613.8 of the Education Code may receive the additional loan assumption benefits authorized by those subdivisions.”

Item 8380-001-0001—For support of Department of Personnel Administration.

I am revising this item in order to correct a technical error in the Budget Bill:

(1) 10-Classification and Compensation from \$6,442,000 to \$6,414,000;

(2) 20-Labor Relations from \$3,480,000 to \$3,464,000;

(3) 25-Legal from \$7,947,000 to \$7,919,000;

(5) 40.02-Distributed Administration from -\$4,457,000 to -\$4,370,000; and

(6) 54-Benefits Administration from \$32,972,000 to \$32,957,000.

With the above deletions, revisions, and reductions, I hereby approve Assembly Bill 88.

Schwarzenegger, Arnold